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AMEMBASSY OTTAWA PASS TO AMCONSUL QUEBEC

E.O. 12958: DECL: 2019/11/23  
TAGS: ETRD PREL ECON CA  
SUBJECT: WHA Assistant Secretary's Meeting with Canadian Trade  
Officials on "Buy America" and Multilateral Trade

CLASSIFIED BY: David Jacobson, Ambassador, Ottawa, Exec; REASON:  
1.4(B), (D)

¶1. (U) October 22, 2009, 8:45 a.m., Ottawa, Canada.

¶2. (U) Participants:

United States

Arturo Valenzuela, Assistant Secretary for Western Hemispheric  
Affairs

David Jacobson, U.S. Ambassador to Canada

Eric Benjaminson, Economic Minister-Counselor, notetaker

Kurt van der Walde, Deputy Political Counselor

Canada

Don Stephenson, Assistant Deputy Minister for International Trade,  
Department of Foreign Affairs and International Trade (DFAIT)

Dany Carriere, Director for Multilateral Market Access, DFAIT

¶3. (C) Summary: DFAIT Assistant Deputy Minister Don Stephenson gave a cogent presentation on Canadian views on the USG's Buy America provisions. He stressed his understanding that the issue for Canadians was much more a political issue than it was an economic one, but in many respects that made it harder to solve. Stephenson also outlined the current status of the U.S. - Canada negotiations now underway between DFAIT and USTR to grant limited waivers to Canada in areas where our two economies are particularly interlinked. In more general terms, he emphasized the positive nature of U.S. - Canadian economic relations more broadly, looked forward to further discussions on improving NAFTA, and working together in other forums such as the WTO. End summary.

¶4. (C) Stephenson presented A/S Valenzuela with an overview of Canadian views regarding Buy America provisions in stimulus spending bills by the U.S. Congress. He admitted that the impact of the legislation to date is more political than economic "giving critics room to accuse the USG of increasing protectionism." Still, Stephenson worried that there would be more visible economic damage in Canada as more of the spending under U.S. stimulus spending took place, especially at the state and local levels where Canada is not protected from the Buy America impact. According to DFAIT, 60 percent of Canadian exports to the U.S. are made up of

intermediate inputs to bi-national supply chains.

¶5. (C) Stephenson noted that the Canadian response as presented in the current negotiations with USTR would open up new guarantees of market access to American bidders. This came as a result of the USG pressuring Canada to bring its provinces and territories into the WTO Government Procurement Agreement. He opined that the overarching issue for Canada on this issue was "whether the political appetite existed within the USG to close this deal."

¶6. (C) In addition to this discussion on Buy America, Stephenson noted a continuing interest of Canada in working closely with us on any modifications/additions/amendments to NAFTA that the White House may be interested in. He said that improvements to the NAFTA treatments of labor and environment issues were also of interest to Canada. Stephenson also commended the USG for working closely with Canada in the WTO on issues such as free access for global meat exports and "pushing back" against the EU's continued proposed restrictions on foodstuffs contained genetically-modified ingredients.

¶7. (U) A/S Valenzuela cleared this message.  
JACOBSON